

Message Text

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ACTION IO-10

INFO OCT-01 ISO-00 L-02 FTC-01 JUSE-00 AF-06 ARA-06 EA-06

EUR-12 NEA-09 EB-07 SP-02 AID-05 NSC-05 CIEP-01

TRSE-00 SS-15 STR-01 OMB-01 CEA-01 CIAE-00 COME-00

FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04 SIL-01

H-02 PRS-01 PA-01 USIA-06 IOE-00 OIC-02 DODE-00 AGR-05

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E.O. 11652: N/A

TAGS: EINV UN

SUBJ: UN COMMISSION ON TRANSNATIONAL CORPORATIONS

REF: (A) STATE 062195; (B) USUN 910

1. THURSDAY WAS FOURTH AND LAST DAY OF GENERAL DEBATE, CHARACTERIZED BY SHORT MEETINGS WHICH ADDED LITTLE TO REMARKS MADE ON PREVIOUS DAYS. USDEL MADE DETAILED INTERVENTION ALONG LINES SPECIFIED REF A (DETAILS PARAS 8-10 BELOW). FRIDAY, COMMISSION MEETS IN INFORMAL SESSION.

2. REFERENCE TO CODE OF CONDUCT FOR TNCS WAS MUCH MORE MODERATE THAN ON WEDNESDAY. FIGUERERO HIMSELF, IN CHARACTERISTICALLY DISJOINTED REMARKS, WAS CONCILIATORY IN RECOGNIZING MERITS OF US INTERVENTION, APPEARED TO AGREE THAT WE NEED TO DEVELOP BACKGROUND INFORMATION BEFORE EVOLVING PRINCIPLES OF CONDUCT (WE RESERVE JUDGEMENT ON RELIABILITY OF THIS INDICATION OF CHANGE OF HEART).

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3. WHILE VARIOUS LDCS INDICATED SUPPORT FOR PRIORITY WORK ON CODE, NONE REFERRED SPECIFICALLY TO MEXICAN PROPOSAL FOR DRAFTING GROUP TO WORK ON CODE. JUST BEFORE AFTER-NOON ADJOURNMENT, HOWEVER, GREECE MADE SHORT STATEMENT ASSERTING CONSENSUS OF COMMISSION FAVORING PRIORITY WORK ON CODE AND CALLED FOR FORMATION OF GROUP OF EXPERTS SIMILAR TO THAT SUGGESTED BY MEXICANS (INTERESTINGLY, FIGUERERO IMMEDIATELY SUGGESTED DISCUSSION THIS PROPOSAL BE POSTPONED UNTIL INFORMAL MEETING.)

4. EC-NINE MEETING, FOLLOWED BY INFORMAL OECD GROUP MEETING, SET TO DISCUSS THIS ISSUE FRIDAY MORNING. CORRIDOR DISCUSSION INDICATES ITALIANS, GERMANS SHARE OUR DESIRE FOR ORDERLY PROGRESS ON CODE, BASED ON ADEQUATE RESEARCH. UK (ANNE MUELLER), ALTHOUGH UNWILLING TO DEVIATE FROM MANDATE OF RES 1913, HAS BEEN TALKING TO SWEDES (WHO AMONG OECD, ARE ALIGNED CLOSEST TO LDCS AT THIS MEETING) AND MIGHT BE SWAYED TOWARDS LDC POSITION. CANADIANS AND FRENCH ALSO ARE DESIROUS OF AVOIDING CONFRONTATION. WHEN CANADIANS INDICATED HOPE THAT RAPID DRAFTING ON CODE WOULD DICTATE A MORE GENERAL AND THUS LESS HARMFUL CODE, WE REVIEWED FOR THEM OUR EXPERIENCE IN ARA:MFM EXERCISE.

5. AS BASIS FOR OPPOSITION TO GREEK PROPOSAL, WE ARE FOCUSING ON YUGOSLAV ASSERTION JUST BEFORE GREEK STATEMENT THAT FOUR AREAS OF WORK MENTIONED PARA 7, RES 1913 SHOULD RECEIVE EQUAL PRIORITY. WE WILL OPPOSE ANY PROPOSAL THAT WORK ON CODE PRECEDE RESEARCH ACTIVITIES, WILL SEEK AGREEMENT TO HAVE CENTER, RATHER THAN AD HOC GROUP, INTER ALIA, SO DOME PRELIMINARY WORK ON CODE FOR REVIEW BY COMMISSION NEXT FALL OR PREFERABLY IN SPRING.

6. IN OTHER DISCUSSION, GERMAN STATEMENT CONTAINED SEVERAL NOTABLE POINTS: (A) REFERRING TO PARA 21 OF E/C.10/2/ADD.1, RELATING TO DEVELOPMENT OF NEW INFO BY CENTER, GERMANY SUPPORTS PRIORITY WORK ON RBPS, MARKET CONCENTRATION, TAXATION, TRANSFER OF TECHNOLOGY, LABOR STANDARDS, WORKING CONDITIONS. (B) GERMANY SUPPORTS 5-5-5 FORMULA FOR ADVISERS GROUP, BUT FEELS PARTICIPATION SHOULD BE AD HOC AS NEEDED. (C) GERMANY FEELS CODE SHOULD APPLY TO TNCs AND HOST LIMITED OFFICIAL USE

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AND HOME GOVERNMENTS, SHOULD NOT BE MANDATORY.

7. INTERNATIONAL CHAMBER OF COMMERCE MADE BRIEF INTERVENTION AT BEGINNING OF SESSION, POINTING OUT THAT ICC HAD ANALYZED EMINENT PERSONS REPORT AND HAD PRODUCED COMMENTARY, AND PRESENTING IT TO BE PART OF DOCUMENTATION FOR COMMISSION WORK. ALSO OBSERVED THAT ICC HAD IN 1972 PRODUCED GUIDELINES FOR INTERNATIONAL INVESTMENT, AND PRESENTED COPY FOR SIMILAR

INCLUSION IN COMMISSION'S DOCUMENTATION. FINALLY NOTED THAT COMMISSION APPARENTLY INTENDED TO OBTAIN ADVICE FROM BUSINESS EXPERTS, AND OFFERED ITS SERVICES AS WORKD WIDE BUSINESS ORGANIZATION WITH COMMITTEES IN FORTYEIGHT COUNTRIES.

8. USDEL STATEMENT MADE FOLLOWING POINTS: MODALITIES OF WORK: US SUPPORT UK COMPROMISE PROPOSAL FOR STANDING ADVISORY GROUP OF BUSINESS, LABOR, OTHER INTERESTED GROUPS WITH PROVISION FOR ADDITIONAL TOPICAL EXPERTS AS PROPOSED BY ARGENTINA.

9. WORK PROGRAMME: (A) WE SUPPORT BRAZIL PROPOSAL FOR PRIORITY ATTENTION TO BROAD ECONOMIC ISSUES RAISED BY TNCS, BUT QUESTION WHETHER RESTRICTIVE BUSINESS PRACTICES NEED BE PRIORITY ITEM IN THIS AREA IN VIEW OF WORK BEING DONE BY UNCTAD AND OECD. (B) US IS PREPARED TO GIVE SOME PRIORITY TO WORK ON CODE, WITH THE UNDERSTANDING THAT THE CODE IS TO BE VOLUNTARY, APPLICABLE TO BOTH GOVERNMENTS AND TNCS, AND THAT IT WILL BE FORMULATED SO AS TO BE ACCPPTABLE TO ALL GOVERNMENTS. WE NEVERTHELESS FEEL WORK ON CODE SHOULD BE BASED ON ADEQUATE DATA AND RESEARCH. (C) US WOULD FIND WORK TOWARDS POSSIBLE AGREEMENTS IN 3 AREAS TO BE USEFUL: ANTITRUST; TAXATION (WE SUPPORT WORK OF UN GROUP OF EXPERTS ON TAX TREATIES, HOPE FOR NETWORK OF BILATERAL TREATIES BETWEEN DCS AND LDCS ON TAXATION); AND UNIFORM ACCOUNTING STANDARDS (WE SUPPORT GROUP OF EXPERTS PER PARA 18 SEC DOC E/C.10/2/ADD.1). (D) WE SEE CENTER'S WORK CONCEN- TRATING IN THREE AREAS (SEE PARA 2, REF A). (E) WE SUPPORT RECOMMENDATION IN SEC DOC, PARA 12, FOR SURVEY OF INFO ALREADY AVAILABLE FROM GOVERNMENTS; ALSO RESEARCH ON NATIONAL LAWS, CODES RELATING TO TNCS (NOTING ICSID IS ALREADY DOING SOME OF THIS). (F) US SUPPORTS GENERAL PROGRAM IN PARA 22 FOR DISSEMINATION OF INFO TO GOVERNMENTS (TNCS MIGHT ALSO BE LIMITED OFFICIAL USE

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INTERESTED).

10. SUMMARY: (A) WE NEED TO ENGAGE IN REALISTIC ASSESSMENT OF NEED FOR INFO COMPARED WITH COSTS INVOLVED; THE SECRETARIAT PROPOSALS MAY BE OVERLY AMBITIOUS. (B) CENTER SHOULD BEGIN WITH THIS ASSESSMENT TO AVOID DUPLICATION OF WORK DONE BY OTHER BODIES. (C) WE MUST RECOGNIZE NEED TO PROTECT CONFIDENTIALITY OF CERTAIN CORPORATE INFORMATION; CONSEQUENTLY, CENTER SHOULD COLLECT DATA PRIMARILY FROM GOVERNMENTS. SCHAUFEELE

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